

23-1150

TOWNSHIP OF WALTON
Eaton County, Michigan

~~RECEIVED~~
GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

AUG - 3 2004
Year Ended March 31, 2004

LOCAL AUDIT & FINANCE DIV.

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Walton	County Eaton
Audit Date March 31, 2004	Opinion Date July 5, 2004	Date Accountant Report Submitted to State: July 5, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.



We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan as shown*.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|--|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name)
Campbell, Kusterer & Co., P.C.

Street Address
512 N. Lincoln, Suite 100, P.O. Box 686

City
Bay City

State
MI

Zip
48707

Accountant Signature

Campbell, Kusterer & Co., P.C.

TOWNSHIP OF WALTON
Eaton County, Michigan

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Independent Auditor's Report		1
General Purpose Financial Statements:		
Combined Balance Sheet – All Fund Types and Account Groups	A	2
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types	B	3-4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General and Special Revenue Funds	C	5-6
Notes to Financial Statements		7-13
Supplementary Information:		
General Fund Expenditures by Detailed Account	D	14-15
Combining Balance Sheet – All Special Revenue Funds	E	16
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Special Revenue Funds	F	17
Current Tax Collection Fund Statement of Changes in Assets and Liabilities	G	18
Current Tax Collection Fund Statement of Cash Receipts and Disbursements	H	19

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

July 5, 2004

To the Township Board
Township of Walton
Eaton County, Michigan

We have audited the accompanying general purpose financial statements of the Township of Walton, Eaton County, Michigan, as of March 31, 2004, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township of Walton's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Walton, Eaton County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Walton, Eaton County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF WALTON
Eaton County, Michigan

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

March 31, 2004

EXHIBIT A

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Agency</u>
<u>Assets</u>			
Cash in bank	387 780 90	10 740 03	46 443 63
Taxes receivable	3 859 40	-	-
Due from other funds	46 443 63	-	-
Land and improvements	-	-	-
Buildings	-	-	-
Equipment	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>438 083 93</u>	<u>10 740 03</u>	<u>46 443 63</u>
<u>Liabilities and Fund Equity</u>			
Liabilities:			
Due to other funds	-	-	46 443 63
Total liabilities	<hr/>	<hr/>	<hr/>
	-	-	46 443 63
Fund equity:			
Investment in general fixed assets	-	-	-
Fund balances:			
Unreserved:			
Undesignated	438 083 93	10 740 03	-
Total fund equity	<hr/>	<hr/>	<hr/>
	438 083 93	10 740 03	-
Total Liabilities and Fund Equity	<u>438 083 93</u>	<u>10 740 03</u>	<u>46 443 63</u>

The accompanying notes are an integral part of these financial statements.

<u>Account Group</u>	<u>Total</u>
<u>General</u>	<u>(Memorandum</u>
<u>Fixed Assets</u>	<u>Only)</u>

-	444 964 56
-	3 859 40
-	46 443 63
34 060 00	34 060 00
30 515 00	30 515 00
<u>30 635 95</u>	<u>30 635 95</u>
<u>95 210 95</u>	<u>590 478 54</u>

<u>-</u>	<u>46 443 63</u>
<u>-</u>	<u>46 443 63</u>

95 210 95	95 210 95
-----------	-----------

<u>-</u>	<u>448 823 96</u>
<u>95 210 95</u>	<u>544 034 91</u>
<u>95 210 95</u>	<u>590 478 54</u>

TOWNSHIP OF WALTON
Eaton County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

EXHIBIT B

Year Ended March 31, 2004

Page 1

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Revenues:			
Property taxes	37 461 98	-	37 461 98
Licenses and permits	6 685 00	-	6 685 00
State shared revenue	141 187 00	-	141 187 00
Charges for services – PTAF	12 927 71	-	12 927 71
Charges for services – fire	-	2 000 00	2 000 00
Charges for services – cemetery	-	3 250 00	3 250 00
Interest	5 771 84	126 28	5 898 12
Miscellaneous	2 370 80	1 730 00	4 100 80
Total revenues	<u>206 404 33</u>	<u>7 106 28</u>	<u>213 510 61</u>
Expenditures:			
Legislative:			
Township Board	5 020 33	-	5 020 33
General government:			
Supervisor	8 451 04	-	8 451 04
Assessor	9 111 76	-	9 111 76
Clerk	10 906 60	-	10 906 60
Board of Review	480 00	-	480 00
Treasurer	10 746 92	-	10 746 92
Building and grounds	2 672 42	-	2 672 42
Cemetery	-	11 099 58	11 099 58
Public safety:			
Fire protection	-	91 975 76	91 975 76
Ambulance	2 284 00	-	2 284 00
Public works:			
Highways and streets	22 155 00	-	22 155 00
Drains	3 154 45	-	3 154 45
Sanitation	17 555 06	-	17 555 06
Other:			
Payroll taxes	2 348 84	-	2 348 84
Insurance	5 176 00	-	5 176 00
Capital outlay	592 41	-	592 41
Total expenditures	<u>100 654 83</u>	<u>103 075 34</u>	<u>203 730 17</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF WALTON
Eaton County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B
Page 2

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Excess (deficiency) of revenues over expenditures	105 749 50	(95 969 06)	9 780 44
Other financing sources (uses):			
Operating transfers in	-	94 000 00	94 000 00
Operating transfers out	(94 000 00)	-	(94 000 00)
Total other financing sources (uses)	(94 000 00)	94 000 00	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	11 749 50	(1 969 06)	9 780 44
Fund balances, April 1	<u>426 334 43</u>	<u>12 709 09</u>	<u>439 043 52</u>
Fund Balances, March 31	<u>438 083 93</u>	<u>10 740 03</u>	<u>448 823 96</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF WALTON
Eaton County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL AND SPECIAL REVENUE FUNDS

Year Ended March 31, 2004

EXHIBIT C
Page 1

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues:			
Property taxes	30 000 00	37 461 98	7 461 98
Licenses and permits	-	6 685 00	6 685 00
State shared revenue	140 000 00	141 187 00	1 187 00
Charges for services – PTAF	3 000 00	12 927 71	9 927 71
Charges for services – fire	-	-	-
Charges for services – cemetery	-	-	-
Interest	3 000 00	5 771 84	2 771 84
Miscellaneous	18 950 00	2 370 80	(16 579 20)
Total revenues	<u>194 950 00</u>	<u>206 404 33</u>	<u>11 454 33</u>
Expenditures:			
Legislative:			
Township Board	9 100 00	5 020 33	(4 079 67)
General government:			
Supervisor	10 300 00	8 451 04	(1 848 96)
Elections	1 000 00	-	(1 000 00)
Assessor	20 000 00	9 111 76	(10 888 24)
Clerk	11 900 00	10 906 60	(993 40)
Board of Review	1 000 00	480 00	(520 00)
Legal and accounting	4 000 00	-	(4 000 00)
Treasurer	14 850 00	10 746 92	(4 103 08)
Buildings and grounds	4 000 00	2 672 42	(1 327 58)
Cemetery	-	-	-
Public safety:			
Fire protection	-	-	-
Ambulance	2 500 00	2 284 00	(216 00)
Public works:			
Highways and streets	80 000 00	22 155 00	(57 845 00)
Drains	20 010 00	3 154 45	(16 855 55)
Sanitation	23 000 00	17 555 06	(5 444 94)
Other:			
Payroll taxes	2 500 00	2 348 84	(151 16)
Insurance	5 200 00	5 176 00	(24 00)
Contingency	79 867 78	-	(79 867 78)
Capital outlay	<u>1 000 00</u>	<u>592 41</u>	<u>(407 59)</u>

The accompanying notes are an integral part of these financial statements.

[illegible][illegible]

TOWNSHIP OF WALTON
Eaton County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL AND SPECIAL REVENUE FUNDS

Year Ended March 31, 2004

EXHIBIT C
Page 2

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Total expenditures	<u>290 227 78</u>	<u>100 654 83</u>	<u>(189 572 95)</u>
Excess (deficiency) of revenues over expenditures	<u>(95 277 78)</u>	<u>105 749 50</u>	<u>201 027 28</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	<u>(118 000 00)</u>	<u>(94 000 00)</u>	<u>24 000 00</u>
Total other financing sources (uses)	<u>(118 000 00)</u>	<u>(94 000 00)</u>	<u>24 000 00</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(213 277 78)</u>	<u>11 749 50</u>	<u>225 027 28</u>
Fund balances, April 1	<u>216 244 35</u>	<u>426 334 43</u>	<u>210 090 08</u>
Fund Balances, March 31	<u>2 966 57</u>	<u>438 083 93</u>	<u>435 117 36</u>

The accompanying notes are an integral part of these financial statements.

Special Revenue Funds

<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<u>115 100 00</u>	<u>103 075 34</u>	<u>12 024 66</u>
<u>(112 600 00)</u>	<u>(95 969 06)</u>	<u>16 630 94</u>
118 000 00	94 000 00	(24 000 00)
-	-	-
<u>118 000 00</u>	<u>94 000 00</u>	<u>(24 000 00)</u>
5 400 00	(1 969 06)	(7 369 06)
<u>12 664 34</u>	<u>12 709 09</u>	<u>44 75</u>
<u>18 064 34</u>	<u>10 740 03</u>	<u>(7 324 31)</u>

TOWNSHIP OF WALTON
Eaton County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Walton, Eaton County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Walton. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

Governmental Funds

General Fund

This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Account Group

TOWNSHIP OF WALTON
Eaton County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

General Fixed Assets Account Group

This account group presents the fixed assets of the local unit utilized in its general operations (nonproprietary fixed assets).

Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present revenues and other financing sources and, expenditures and other financial uses in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of property taxes. Property taxes and revenues received from the State are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Property Taxes

Property taxes are accrued in the year in which they are levied. The tax levy is recorded as deferred revenue until the subsequent year when it becomes available for use.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the County delinquent tax rolls. The Township 2003 tax roll millage rate was .9084 mills and the taxable value was \$41,958,800.00.

TOWNSHIP OF WALTON
Eaton County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Fixed Assets

Purchases of general fixed assets for all funds are recorded as expenditures in the respective funds at the time of purchase. They are also recorded at cost in the General Fixed Assets Group of Accounts as required by generally accepted accounting principles.

Investments

Investments are stated at market.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.

TOWNSHIP OF WALTON
Eaton County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Postemployment Benefits

The Township provides no postemployment benefits to past employees.

Note 2 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

TOWNSHIP OF WALTON
Eaton County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 2 – Deposits and Investments (continued)

The Township Board has designated two banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>444 964 56</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	178 839 56
Uninsured and Uncollateralized	<u>268 335 64</u>
Total Deposits	<u>447 175 20</u>

The Township of Walton did not have any investments as of March 31, 2004.

Note 3 – Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/04</u>
Land and improvements	34 060 00	-	-	34 060 00
Buildings	30 515 00	-	-	30 515 00
Equipment	<u>30 043 54</u>	<u>592 41</u>	-	<u>30 635 95</u>
Totals	<u>94 618 54</u>	<u>592 41</u>	<u>-</u>	<u>95 210 95</u>

TOWNSHIP OF WALTON
Eaton County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 4 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>46 443 63</u>	Current Tax Collection	<u>46 443 63</u>
Total	<u>46 443 63</u>	Total	<u>46 443 63</u>

Note 5 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 6 – Pension Plan

The Township does not have a pension plan.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts, and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Transfers In and Transfers Out

For the fiscal year ended, March 31, 2004, the Township made the following interfund transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
Cemetery	4 000 00	General	4 000 00
Fire	<u>90 000 00</u>	General	<u>90 000 00</u>
Total	<u>94 000 00</u>	Total	<u>94 000 00</u>

Note 9 – Building Permits

The Township of Walton does not issue building permits. Building permits are issued by the County of Eaton.

TOWNSHIP OF WALTON
Eaton County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 10 – Total Columns on Combined Statements--Overview

The total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

TOWNSHIP OF WALTON
Eaton County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBIT D
Page1

Township Board:	
Wages	2 923 92
Administrative	746 60
Dues	1 083 66
Printing and publishing	49 80
Miscellaneous	216 35
	<u>5 020 33</u>
Supervisor:	
Salary	8 381 04
Office supplies	70 00
	<u>8 451 04</u>
Assessor:	
Contracted services	9 111 76
	<u>9 111 76</u>
Clerk:	
Salary	9 630 84
Office supplies	1 275 76
	<u>10 906 60</u>
Board of Review:	
Wages	480 00
	<u>480 00</u>
Treasurer:	
Salary	9 630 84
Salary – Deputy	461 50
Office supplies	654 58
	<u>10 746 92</u>
Building and grounds:	
Repairs and maintenance	2 672 42
	<u>2 672 42</u>
Ambulance	2 284 00
	<u>2 284 00</u>
Highways and streets:	
Contracted services	22 155 00
	<u>22 155 00</u>
Drains	3 154 45
	<u>3 154 45</u>
Sanitation:	
Contracted services	17 555 06
	<u>17 555 06</u>
Payroll taxes	2 348 84
	<u>2 348 84</u>

TOWNSHIP OF WALTON
Eaton County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBIT D
Page 2

Insurance	<u>5 176 00</u>
Capital outlay	<u>592 41</u>
Total Expenditures	<u>100 654 83</u>

TOWNSHIP OF WALTON
Eaton County, Michigan

COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS

March 31, 2004

EXHIBIT E

	<u>Fire Protection</u>	<u>Cemetery</u>	<u>Total</u>
<u>Assets</u>			
Cash in bank	<u>1 436 22</u>	<u>9 303 81</u>	<u>10 740 03</u>
Total Assets	<u>1 436 22</u>	<u>9 303 81</u>	<u>10 740 03</u>
<u>Fund Balances</u>			
Fund balances:			
Unreserved:			
Undesignated	<u>1 436 22</u>	<u>9 303 81</u>	<u>10 740 03</u>
Total Fund Balances	<u>1 436 22</u>	<u>9 303 81</u>	<u>10 740 03</u>

TOWNSHIP OF WALTON
Eaton County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL SPECIAL REVENUE FUNDS

Year Ended March 31, 2004

EXHIBIT F

	<u>Fire Protection</u>	<u>Cemetery</u>	<u>Total</u>
Revenues:			
Charges for services – fire	2 000 00	-	2 000 00
Charges for services – cemetery	-	3 250 00	3 250 00
Interest	58 95	67 33	126 28
Miscellaneous	<u>-</u>	<u>1 730 00</u>	<u>1 730 00</u>
Total revenues	<u>2 058 95</u>	<u>5 047 33</u>	<u>7 106 28</u>
Expenditures:			
Cemetery:			
Contracted services	-	5 355 88	5 355 88
Repairs and maintenance	-	4 843 70	4 843 70
Miscellaneous	-	900 00	900 00
Fire protection:			
Contracted services	<u>91 975 76</u>	<u>-</u>	<u>91 975 76</u>
Total expenditures	<u>91 975 76</u>	<u>11 099 58</u>	<u>103 075 34</u>
Excess (deficiency) of revenues expenditures	<u>(89 916 81)</u>	<u>(6 052 25)</u>	<u>(95 969 06)</u>
Other financing sources (uses):			
Operating transfers in	<u>90 000 00</u>	<u>4 000 00</u>	<u>94 000 00</u>
Total other financing sources (uses)	<u>90 000 00</u>	<u>4 000 00</u>	<u>94 000 00</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	83 19	(2 052 25)	(1 969 06)
Fund balances, April 1	<u>1 353 03</u>	<u>11 356 06</u>	<u>12 709 09</u>
Fund Balances, March 31	<u>1 436 22</u>	<u>9 303 81</u>	<u>10 740 03</u>

TOWNSHIP OF WALTON
Eaton County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended March 31, 2004

EXHIBIT G

	<u>Balance</u> <u>4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/04</u>
<u>Assets</u>				
Cash in Bank	<u>45 824 21</u>	<u>1 230 097 74</u>	<u>1 229 478 32</u>	<u>46 443 63</u>
<u>Liabilities</u>				
Due to other funds	45 824 21	46 293 68	45 674 26	46 443 63
Due to other taxing units	-	<u>1 183 804 06</u>	<u>1 183 804 06</u>	-
Total Liabilities	<u>45 824 21</u>	<u>1 230 097 74</u>	<u>1 229 478 32</u>	<u>46 443 63</u>

TOWNSHIP OF WALTON
Eaton County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year Ended March 31, 2004

EXHIBIT H

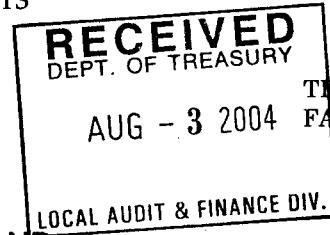
Cash on hand – beginning of year	<u>45 824 21</u>
Receipts:	
Taxes and assessments	1 229 379 47
Nonbusiness licenses – animal	610 00
Interest	<u>108 27</u>
Total receipts	<u>1 230 097 74</u>
Total beginning balance and cash receipts	<u>1 275 921 95</u>
Disbursements:	
Township General Fund	45 674 26
Eaton County	495 714 37
Olivet Community Schools	437 734 18
Bellevue Community Schools	968 87
Calhoun Intermediate School District	235 526 92
Refunds	<u>13 859 72</u>
Total disbursements	<u>1 229 478 32</u>
Cash on Hand – End of Year	<u>46 443 63</u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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BAY CITY, MICHIGAN 48707



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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

July 5, 2004

To the Township Board
Township of Walton
Eaton County, Michigan

We have audited the financial statements of the Township of Walton, for the year ended March 31, 2004. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Walton in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

To the Township Board
Township of Walton
Eaton County, Michigan

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

To the Township Board
Township of Walton
Eaton County, Michigan

GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which is to be implemented over the next few years. The implementation date of this pronouncement for the Township of Walton will begin with the year ended March 31, 2004, and will need to be implemented fully by March 31, 2005. The daily operations and recording transactions should not change significantly, however, the Township will be required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2004.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants